

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Public Comments On Behalf of ISTIL (Ukraine) Ltd.

**On Potential Action
Under Section 203 of the Trade Act of 1974
With Regard to Imports of Certain Steel:**

**Request for Exclusion of a Particular Steel Product
from Any Increased Duty, Tariff-Rate Quota,
or Quantitative Restriction**

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Dated: November 13, 20011

Pursuant to the Federal Register Notice of October 26, 2001, 66 FR 54321-54324, this request for exclusion of a particular steel product from any increased duty, tariff-rate quota, or quantitative restriction that the President may impose under section 203(a) of the Trade Act is submitted on behalf of our client, ISTIL (Ukraine) Ltd.

(a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which the product enters the United States

ISTIL requests an exclusion for carbon and alloy steel hot rolled and cold finished bars of a diameter 6.5 inches or greater classified under the following HTS numbers:

7215.50.0015	7214.99.0015
7215.50.0060	7214.50.0030
7215.50.0090	7214.99.0045
7228.50.5050	7228.30.8050

(b) A description of the product based on physical characteristics (e.g., chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought

As indicated above, the products for which exclusion is requested are carbon and alloy steel hot rolled and cold finished bars of a diameter 6.5 inches or greater, irrespective of chemical composition, metallurgical properties, dimensions, surface quality.

(c) The basis for requesting an exclusion

There exist two distinct industry segments for bars: Bars under 6.5 inches in diameter (“small diameter bars”) and bars 6.5 inches in diameter or greater (“large diameter bars”). This distinction is market driven, as large diameter bars have different end uses than small diameter bars. Less demand exists for large diameter bars, and both in the United States and globally, manufacturing is focused on small diameter bars.

The distinction between large and small diameter bars also is technology driven. Large diameter bars require equipment to bottom pour ingots. In contrast, small diameter bars are most efficiently produced through continuous casting. Also, large diameter bars cannot be rolled on equipment designed for small diameter bars. Specialized rolling equipment is required for large diameter bar production, including a rolling stand with larger rolls requiring more powerful drives, and, in some instances, additional rolling stands.

Because of manufacturing efficiencies, all U.S. bar producers use continuous casting to produce bars, and only one company, Timken, has bottom pour ingot capacity to produce large diameter bars. Timken’s capacity to produce these bars is limited and it does not offer carbon steel bars. In the absence of imports, there would be a significant shortage of large bar diameter bar in the United States.

These same conditions affect the CF bar industry because hot rolled bars are the input for CF Bars. Production of large diameter CF bars in the United States is limited and insufficient to meet market demand.

(d) The names and locations of any producers, in the United States and foreign countries, of the product

As indicated above, in the United States only Timken is capable of producing large diameter bars. In addition to ISTIL Ukraine, the following foreign producers also manufacture large diameter bars: ABS in Italy, Corus in the UK, Poldi in Czech Republic, DSS in Ukraine, and Serov and Red October in Russia .

(e) Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection

There is no published information on annual consumption of large diameter bars and imports of these products are not reported under separate HTS numbers. The ITC in its questionnaire responses did not seek break outs for large diameter bars in its questionnaires and did not otherwise develop information on domestic production, shipments, imports or apparent U.S. consumption. The following estimates of apparent U.S. consumption of large diameter carbon and alloy steel bars during the period 1996 through 2000 are based upon information provided by ISTIL's customers:

	<u>Hot Rolled (Tons)</u>	<u>Cold Finished (Tons)</u>
1996	580,000	25,000
1997	650,000	25,000
1998	670,000	26,000
1999	670,000	27,000
2000	700,000	30,000

ISTIL has no information on the value of these imports.

Given the uncertainty surrounding the current U.S. economy, it is extremely difficult to project apparent consumption for 2001 through 2005. However, the trends in apparent consumption during the period of 1996 through 2000 suggests apparent consumption will correlate with trends in the overall U.S. economy.

(f) Total U.S. production of the product for each year from 1996 to 2000, if any

Based upon information obtained from our U.S. customers we estimate U.S production of large diameter bars as follows:

	<u>Hot Rolled (Tons)</u>	<u>Cold Finished (Tons)</u>
1996	355,000	15,000
1997	410,000	16,000
1998	410,000	16,000
1999	395,000	16,000
2000	395,000	16,000

Again, ISTIL has no information on the value of U.S. production.

(g) The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.

ISTIL understands there are no substitute products for large diameter carbon and alloy steel hot rolled and cold finished bars in almost all applications.

Respectfully Submitted,

Martin J. Lewin
On behalf of ISTIL (Ukraine) Ltd.